



VHEMBE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

General Information

Mayoral committee

Executive Mayor

Councillors

Matibe T

Muditambi D

Manyuha M.L

Temba MP

Ramoyada M

Mmboyi D

Makhomisane SE

Mphaphuli C

Mathavha H

Sibiya S

Accounting Officer

Makumule M.T

Chief Finance Officer (CFO)

Ramatlhape L

Registered office

Old Parliament Building

Thohoyandou

Postal address

Private Bag x5006

Thohoyandou

0950

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First National Bank

Auditors

Auditor-General

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Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Index

The reports and statements set out below comprise the annual financial statements presented to the Auditor General:

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Accounting Policies	8 - 18
Notes to the Annual Financial Statements	19 - 48
Appendix A: Schedule of External loans	
Appendix B: Analysis of Property, Plant and Equipment	
Appendix C: Segmental analysis of Property, Plant and Equipment	
Appendix D: Segmental Statement of Financial Performance	
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Officer's Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 48 , in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Makumule M T

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Position

	Note(s)	2012	2011
Assets			
Current Assets			
Inventories	7	148,665,731	102,994,571
Other receivables	8	318,483,778	273,588,475
VAT	9	68,044,683	69,651,189
Consumer debtors	20	63,366,686	45,963,555
Cash and cash equivalents	10	5,101,017	76,570,929
		603,661,895	568,768,719
Non-Current Assets			
Investment property	3	8,620,049	9,512,821
Property, plant and equipment	2	2,208,691,589	1,639,799,581
Intangible assets	4	2,207,244	1,386,245
		2,219,518,882	1,650,698,647
Total Assets		2,823,180,777	2,219,467,366
Liabilities			
Current Liabilities			
Trade and Other Payables	12	475,361,938	469,516,285
Consumer deposits	39	3,625,045	3,218,346
Unspent Grants	11	5,753,769	11,940,421
Provisions	6	14,450,596	27,524,446
Short term portion of lease liability	5	3,532,775	3,801,450
		502,724,123	516,000,948
Non-Current Liabilities			
Finance lease obligation	5	3,677,242	7,307,198
Provisions	6	9,604,445	10,641,060
		13,281,687	17,948,258
Total Liabilities		516,005,810	533,949,206
Net Assets		2,307,174,967	1,685,518,160
Net Assets			
Reserves			
Revaluation reserve	21	-	31,545,625
Accumulated surplus		2,307,174,967	1,653,972,535
Total Net Assets		2,307,174,967	1,685,518,160

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Financial Performance

	Note(s)	2012	2011
Revenue			
Sale of water	13	72,431,446	70,538,059
Rental of facilities and equipment		67,239	62,145
Interest on outstanding debts		17,151	5,005,243
Government grants & subsidies	14	930,060,253	759,474,628
Other income	22	22,245,581	2,016,249
Interest received - investment	23	8,264,698	12,328,547
Total Revenue		1,033,086,368	849,424,871
Expenditure			
Personnel	16	(316,720,845)	(302,415,552)
Remuneration of councillors	24	(8,593,417)	(7,017,340)
Administration	25	(141,899)	(1,656,777)
Transfer payments to local municipalities		(1,142,877)	(531,100)
Depreciation and amortisation	26	(64,645,965)	(83,420,101)
Finance costs	28	(775,624)	(2,043,871)
Bad Debts	17	-	(31,204,900)
Collection costs		(545,011)	(1,402,427)
Repairs and maintenance		(61,261,646)	(50,893,983)
General Expenses	15	(293,592,138)	(319,962,327)
Total Expenditure		(747,419,422)	(800,548,378)
Fair value adjustments	27	-	11,442,852
Surplus for the year		285,666,946	60,319,345

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	-	1,301,449,279	1,301,449,279
Adjustments			
Change in accounting policy	-	59,184,627	59,184,627
Balance at July 01, 2010 as restated	-	1,360,633,906	1,360,633,906
Changes in net assets			
Fair value gains, net of tax: Land and buildings	31,545,625	233,019,284	264,564,909
Net income (losses) recognised directly in net assets	31,545,625	233,019,284	264,564,909
Surplus for the year	-	60,319,345	60,319,345
Prior year adjustments	31,545,625	293,338,629	324,884,254
Total changes	31,545,625	293,338,629	324,884,254
Balance at July 01, 2011	31,545,625	2,021,508,021	2,053,053,646
Changes in net assets			
Fair value gains, net of tax: Land and buildings	(31,545,625)	-	(31,545,625)
Net income (losses) recognised directly in net assets	(31,545,625)	-	(31,545,625)
Surplus for the year	-	285,666,946	285,666,946
Total recognised income and expenses for the year	(31,545,625)	285,666,946	254,121,321
Total changes	(31,545,625)	285,666,946	254,121,321
Balance at June 30, 2012	-	2,307,174,967	2,307,174,967
Note(s)	21		

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Cash Flow Statement

	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Sale of goods and services		23,287,902	77,687,333
Grants		930,060,253	759,474,628
Interest income		8,264,698	17,517,720
Other receipts		2,274,123	1,894,464
		<u>963,886,976</u>	<u>856,574,145</u>
Payments			
Employee costs		(316,720,845)	(213,537,864)
Suppliers		(293,592,138)	(175,764,163)
Other payments		(70,460,474)	(455,892,646)
Other cash item		(59,328,544)	(13,459,000)
		<u>(740,102,001)</u>	<u>(858,653,673)</u>
Net cash flows from operating activities	19	<u>223,784,975</u>	<u>(2,079,528)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(274,620,088)	(321,495,480)
Purchase of other intangible assets	4	(1,259,470)	(394,758)
Non-cash adjustments on asset opening balances		(14,701,074)	217,972,254
Net cash flows from investing activities		<u>(290,580,632)</u>	<u>(103,917,984)</u>
Cash flows from financing activities			
Movement in short term portion of lease liability		(268,675)	803,851
Finance lease payments		(4,405,580)	(4,750,709)
Net cash flows from financing activities		<u>(4,674,255)</u>	<u>(3,946,858)</u>
Net decrease in cash and cash equivalents		<u>(71,469,912)</u>	<u>(109,944,370)</u>
Cash and cash equivalents at the beginning of the year		76,570,929	186,515,299
Cash and cash equivalents at the end of the year	10	<u>5,101,017</u>	<u>76,570,929</u>

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1. Basis of presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going Concern Assumption

These Financial Statements have been prepared on the assumptions that municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Comparative information

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.4 Property, plant and equipment

INITIAL RECOGNITION.

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Items of PPE includes capital projects that are under constructions (WIP) and are not depreciated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment..

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment..

SUBSEQUENT MEASUREMENT - REVALUATION MODEL (BUILDINGS)

Subsequent to initial recognition, buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit..

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

SUBSEQUENT MEASUREMENT - COST MODEL.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

DEPRECIATION AND IMPAIRMENT.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life in Years
Buildings	
• Buildings	30
Furniture and fixtures	
• Furniture and Fittings	7-10
Motor vehicles	
• Other Vehicles	5
Office equipment	
• Office Equipment	3-7
IT equipment	
• Computer Equipment	3
Infrastructure	
• Roads and Paving	30
• Water	15-20
• Sewerage	15-20
Community	
• Buildings	30
• Recreational Facilities	20-30
Other property, plant and equipment	
• Other items of property, plant and equipment	2-5
• Specialised plant and equipment	10-15
Specialised vehicles	
• Specialised vehicles	10

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost..

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired. .

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up..

SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test..

AMORTISATION AND IMPAIRMENT.

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives.

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance .

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.5 Intangible assets (continued)

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Computer software, internally generated

3 -10 years

1.6 Investment property

INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.7 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Financial instruments

Initial recognition

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price..

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.8 Financial instruments (continued)

Receivables from exchange transactions

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current..

Payables from exchange transactions

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost..

1.9 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.10 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.10 Irregular expenditure (continued)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.11 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.12 Provisions

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Municipality provides 50% of leave provision as per leave policy.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.13 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.14 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of water prepaid meter cards is recognised at the point of sale.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the selling of tender documents.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

1.15 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Impairment assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.17 Impairment assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.18 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Other grants and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.19 Significant judgements and sources of estimation uncertainty

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Impairment of assets
Provision for long-term service award
Other

The following areas involved judgments, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Impairment of assets
Provisions
Other

1.20 Share capital / contributions from owners

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.21 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.22 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Accounting Policies

1.22 Employee benefits (continued)

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Post employment medical care benefits

The municipality does not provide post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Termination benefits

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

1.23 Standards and interpretations have been issued but are not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED
GRAP 18 Segment Reporting	0
GRAP 21 Impairment of non-cash-generating assets	0
GRAP 26 Impairment of cash generating Assets	0
GRAP 25 Employee Benefits	0
GRAP 26 Impairment of cash generating assets	0
GRAP 105 Transfer of functions between Entities under common control	0

The application of the new standards will not have a significant impact on the Financial statements in the period of initial application.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

2. Property, plant and equipment

Reconciliation of property, plant and equipment - 2012

	Buildings	Plant and Machinery	Furniture and Fixtures	Motor vehicles	Office Equipment	IT Equipment	Infrastructure	Other PPE	Leased assets	Community assets	Total
Carrying amount at beginning of the year	191,994,203	4,950,382	4,556,024	17,743,202	192,615	60,107	1,389,523,161	21,694,213	9,085,674	1,662,624	1,641,462,205
Cost	202,560,615	6,094,891	8,611,742	27,672,544	1,307,634	3,506,199	1,507,217,509	42,363,973	17,216,677	-	1,818,232,470
Correction of error (note 37)	(65,301,800)	(2,381,158)	(11,345)	474,360	1,858	6,066	178,886,986	(12,401,644)	53,516	1,680,686	99,326,839
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	(10,566,412)	(1,144,509)	(4,055,718)	(9,929,342)	(1,115,019)	(3,446,092)	(117,694,348)	(20,669,760)	(8,131,003)	(18,082)	(176,770,265)
Acquisitions	5,512,831	4,265,300	271,232	3,486,785	-	66,353	43,498,755	555,751	-	-	57,657,007
Capital Under construction	24,046,604	-	-	-	-	-	360,029,510	-	-	90,240,784	474,316,938
Depreciation	(6,290,144)	(531,192)	(563,215)	(2,297,117)	(58,475)	(125,612)	(48,769,454)	(1,383,733)	(3,996,433)	(56,023)	(64,071,399)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-	-	-
Writte Offs	-	-	-	-	-	-	-	-	-	-	-
Carrying amount at end of the year	149,961,693	6,303,332	4,252,696	19,407,230	135,998	6,914	1,923,168,997	8,464,586	5,142,757	91,847,385	2,208,691,589
Cost/Revaluation	166,818,250	7,979,033	8,871,629	31,633,689	1,309,492	3,578,618	2,089,632,800	30,518,075	17,270,193	91,921,470	2,449,533,253
Accumulated depreciation and impairment loss	(16,856,556)	(1,675,701)	(4,618,933)	(12,226,459)	(1,173,494)	(3,571,704)	(166,463,802)	(22,053,493)	(12,127,436)	(74,085)	(240,841,664)

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

Carrying amount at beginning of the year	82,638,310	4,879,000	6,187,945	17,122,026	400,448	578,552	1,234,088,347	21,822,511	-	11,521,344	907,833,297
Cost	88,279,830	1,267,500	9,342,252	24,769,179	1,363,926	3,449,641	659,894,288	37,648,859	-	15,729,249	600,055,381
Correction of error (note 37)	-	-	-	-	-	-	581,015,686	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment	(5,641,521)	(897,812)	(3,154,308)	(7,647,153)	(963,478)	(2,871,089)	(6,821,627)	(15,826,349)	-	(4,207,905)	(29,431,776)
Acquisitions	44,504,067	4,922,159	169,745	2,895,761	31,567	11,000	4,879,000	44,359	-	1,349,112	367,587,885
Capital Under Construction	25,315,065	-	-	-	-	-	254,891,365	-	-	-	-
Depreciation	(4,924,892)	(246,697)	(901,410)	(2,282,189)	(151,541)	(575,003)	(67,764,449)	(4,843,411)	-	(3,923,098)	(15,892,568)
Cost/Revaluation	78,622,718	(94,768)	(347,749)	279,355	(27,294)	46,113	6,821,627	6,551,238	-	138,316	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	(552,506)	(271,750)	(60,565)	(554)	(284,457)	(1,880,483)	-	-	89,096,449
Other movements	-	-	(16,408)	(22,917)	-	-	438,822,232	(23,383)	-	-	438,759,524
Carrying amount at end of the year	191,994,203	4,950,382	4,556,024	17,743,202	192,615	60,107	1,389,523,161	21,694,213	-	9,085,674	1,639,799,581
Cost/Revaluation	202,560,615	6,094,891	8,611,742	27,672,544	1,307,634	3,506,199	1,507,217,509	42,363,973	-	17,216,677	782,248,648
Accumulated depreciation and impairment losses	(10,566,412)	(1,144,509)	(4,055,718)	(9,929,342)	(1,115,019)	(3,446,092)	(117,694,348)	(20,669,760)	-	(8,131,003)	68,279,546

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
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2. Property, plant and equipment (continued)

Municipality does not own any land, the land on which the municipality buildings are constructed belong to tribal authority

Valuations

- The effective date of the evaluation is at 31 December 2010
- The municipality had appointed Ndlala Valuation Services cc to perform the valuation for the buildings; wherein Mr P.H Matidza the professional associated valuer did certify for the valuation that was performed
- The methodology which was used to determine the fair value adjustment for Property Plant and Equipment was determined
- Depreciated Replacement costs approach was used to determine their fair amounts
- Only buildings was revalued and the historical cost was adjusted to the valuation amount

3. Investment property

Reconciliation of investment property - 2012

	Investment Property	Total
Carrying amount at the beginning of the year	9,512,821	9,512,821
Cost	8,846,000	8,846,000
Accumulated depreciation and impairment	(89,858)	(89,858)
Correction of prior year errors (see note 37)	756,679	756,679
Depreciation	(136,092)	(136,092)
Carrying amount at the end of the year	8,620,049	8,620,049
Cost/Revaluation	8,846,000	8,846,000
Accumulated Depreciation and Impairment loss	(225,951)	(225,951)

Reconciliation of investment property - 2011

	Investment Property	Total
Carrying amount at the beginning of the year	756,679	756,679
Cost	8,846,000	8,846,000
Depreciation	(89,858)	(89,858)
Carrying amount at the end of the year	9,512,821	9,512,821
Cost	9,602,679	9,602,679
accumulated depreciation and impairment losses	(89,858)	(89,858)

Rental income from investment Property

Rental income	67,239	62,145
Direct operating expenses from Rental property	51,431	62,145

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

2012

2011

4. Intangible assets

Reconciliation of intangible assets - 2012

	Intangible Assets	Total
Carrying amount at beginning of the year	1,386,245	1,386,245
Cost/Revaluation	3,283,111	3,283,111
Accumulated depreciation and impairment losses	(1,896,866)	(1,896,866)
Acquisitions	1,259,470	1,259,470
Depreciation	(376,038)	(376,038)
Carrying amount at end of the year	2,207,241	2,207,241
Cost/Revaluation	4,542,581	4,542,581
Accumulated Depreciation and impairment losses	(2,335,340)	(2,335,340)

Reconciliation of intangible assets - 2011

	Intangible Assets	Total
Carrying amount at beginning of the year	1,442,437	1,442,437
Cost/ revaluation	2,888,353	2,888,353
Accumulated depreciation and impairment losses	(1,445,916)	1,445,916
Acquisitions	394,758	394,758
Depreciation	(450,950)	(450,950)
Carrying amount at end of the year	1,386,245	1,386,245
Cost/Revaluation	3,283,111	3,283,111
Accumulated Depreciation and Impairment losses	(1,896,866)	(1,896,866)

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011	
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5. Finance lease obligation			
2012			
Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Within one year	4,479,826	947,051	3,532,775
Within two to five years	4,011,056	333,814	3,677,242
	<u>8,490,882</u>	<u>1,280,865</u>	<u>7,210,017</u>
Less: Amount due for settlement within 12 months (current portion)			(3,532,775)
			<u>3,677,242</u>
The average lease term is 3 years and the average effective borrowing rate is 4.5%. Interest rate are fixed at the contract date. All leases have fixed repayment terms and there are no escalations. No arrangements have been entered into for contingent rent. Obligations under finance leases are not secured by the lessor's title to the leased asset.			
2011			
Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Within one year	4,913,632	491,659	3,801,449
Within two to five years	8,238,887	108,111	7,307,199
	<u>13,152,519</u>	<u>599,770</u>	<u>11,108,648</u>
Less: Amount due for settlement within 12 months (current portion)			(3,801,450)
			<u>7,307,198</u>

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
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6. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave provision	28,485,560	9,604,445	(23,096,661)	-	14,993,344
Bonus	7,641,102	1,498,082	-	(841,198)	8,297,986
Performance Bonus	1,246,858	-	-	(505,446)	741,412
Long service award	791,986	-	(769,687)	-	22,299
	38,165,506	11,102,527	(23,866,348)	(1,346,644)	24,055,041

Reconciliation of provisions - 2011

	Opening Balance	Additions	Reversed during the year	Total
Leave provision	19,123,337	9,362,223	-	28,485,560
Bonus	4,988,282	2,652,820	-	7,641,102
Performance Bonus	1,378,162	-	(131,304)	1,246,858
Long service award	-	791,986	-	791,986
	25,489,781	12,807,029	(131,304)	38,165,506

Provision	9,604,445	10,641,060
Provisions	14,450,596	27,524,446
	24,055,041	38,165,506

Local Municipalities Leave Provision

Water Mutale Leave Provision	1,834,030	1,834,030
Water Thulamela Leave Provision	4,896,341	4,896,341
Water Makhado Leave Provision	473,068	473,068
	7,203,439	7,203,439
Provision for leave	10,555,871	10,641,060

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
7. Inventories		
Water	127,915,250	88,432,567
Consumable stores	3,392,840	3,297,937
Spare parts	-	889,542
Maintenance Material	17,357,641	10,374,525
	148,665,731	102,994,571
Reconciliation of inventory		
Opening balance of inventory	102,994,571	99,715,687
Water	88,432,567	88,987,342
Consumable stores	3,297,937	1,822,747
Maintenance material	10,374,525	8,905,598
Spares	889,542	-
Additions	165,534,002	112,779,435
Water	127,915,250	88,432,567
Consumable stores	10,685,081	10,491,486
Maintenance materials	26,933,671	12,965,840
Spares	-	889,542
Issued (expensed)	(118,973,299)	(109,500,551)
Water	(88,432,567)	(88,987,342)
Consumable stores	(10,590,178)	(9,016,296)
Maintenance material	(19,950,554)	(11,496,913)
	-	-
Closing balance of inventories	149,555,273	102,994,571
Water	127,915,250	88,432,567
Consumable stores	3,392,840	3,297,937
Maintenance materials	17,357,641	10,374,525
Spares	889,542	889,542
8. Other receivables		
Sundry Debtors	3,683,990	924,618
Staff Debtors	482,973	482,700
Prepayments	238,762	159,705
MPCC Debtors	258,049	207,724
Water-Thulamela	143,973,181	140,013,861
Water-Makhado	69,447,758	48,370,911
Water-Musina	54,090,094	38,485,576
Water-Mutale	46,308,971	44,943,380
	318,483,778	273,588,475

Water debtors comprise of cash receipts received by local municipalities which was not paid over to the district

Staff debtors comprises of the over payments made to councillors

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
9. VAT receivable/ (payable)		
VAT receivable	92,263,436	106,464,529
Less: Provision	(10,520,183)	(11,933,760)
	<u>81,743,253</u>	<u>94,530,769</u>
VAT payable	(13,703,570)	(3,213,465)
	<u>68,039,683</u>	<u>91,317,304</u>
VAT Locals	-	(21,666,115)
Makhado	-	(2,462,816)
Musina	-	(3,460,967)
Mutale	-	(2,618,406)
Thulamela	-	(13,123,926)
Net	<u>68,039,683</u>	<u>69,651,189</u>
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3,638	1,592
Bank balances	2,075,485	18,420,460
Short-term deposits	3,021,894	58,148,877
	<u>5,101,017</u>	<u>76,570,929</u>

Cash and cash equivalents comprises on cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2012	June 30, 2011	June 30, 2010
First National Bank -Current Account - 6202 1931 458	16,018,747	47,933,901	115,466,460	2,075,485	17,517,671	37,677,874
Absa Bank - Call Account - 2061 8386 68	-	30,734,830	153,807,260	-	30,734,830	104,120,797
First National Bank - Call Account - 6203 6334 803	3,021,894	2,368,831	16,367,904	3,021,894	2,368,831	837,229
Nedbank - Account Type - 7468 013306	-	-	96,349,925	-	25,045,216	42,589,006
Total	<u>19,040,641</u>	<u>81,037,562</u>	<u>381,991,549</u>	<u>5,097,379</u>	<u>75,666,548</u>	<u>185,224,906</u>

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
11. Unspent Grants		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Unspent Grants	5,753,769	11,940,421
Unspent Grant		
DWAF	4,065,769	11,940,421
Department of Transport	1,688,000	-
	5,753,769	11,940,421
12. Trade and Other Payables		
Trade payables	3,947,356	83,067,199
Other accrued expenses	18,202,938	-
Retention	90,046,250	77,771,767
Water :Creditors- Makhado	48,311,322	36,897,908
Water :Creditors- Musina	61,868,270	44,394,397
Water: Creditors- Mutale	52,669,935	51,331,831
Water: Creditors- Thulamela	200,315,867	176,053,183
	475,361,938	469,516,285
13. Revenue		
Sale of water	72,431,446	70,538,059
Rental of facilities & equipment	67,239	62,145
Interest received – trading	17,151	5,005,243
Government grants & subsidies	930,060,253	759,474,628
	1,002,576,089	835,080,075
The amount included in revenue arises from the sale of water.		
Sale of water	72,431,446	70,538,059
Rental of facilities & equipment	67,239	62,145
Interest received – trading	17,151	5,005,243
	72,515,836	75,605,447
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	930,060,253	759,474,628
Reconciliation of sale of water		
Musina	21,445,350	23,493,508
Thulamela	26,513,595	25,517,503
Makhado	21,051,139	18,454,400
Mutale	3,421,362	3,072,646

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
13. Revenue (continued)	<u>72,431,446</u>	<u>70,538,057</u>

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
14. Government grants and subsidies		
Equitable share	431,170,999	371,245,866
Municipal System Improvement Grant	790,000	750,000
Municipal Infrastructure grant	296,276,000	216,342,000
Municipal Health Service grant	7,109,000	16,967,500
DWAE Personel grant	140,844,652	97,474,579
Financial Management grant	1,250,000	1,000,000
ACIP-sanitation grant	4,000,000	19,975,488
EPWP Grant	2,293,000	3,937,000
RBIG	46,326,602	31,782,195
	930,060,253	759,474,628
Equitable shares		
Current-year receipts	431,170,999	371,245,866
Conditions met - transferred to revenue	(431,170,999)	(371,245,866)
	-	-
Financial Management grant(FMG)		
Current-year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	(1,250,000)	(1,000,000)
	-	-
Municipal Infrastructure Grant (MIG)		
Current-year receipts	296,276,000	216,342,000
Conditions met - transferred to revenue	(296,276,000)	(216,342,000)
	-	-
Municipal System Improvement Grant		
Current-year receipts	790,000	750,000
Conditions met - transferred to revenue	(790,000)	(750,000)
	-	-
DWA Grant		
Balance unspent at the beginning of the year	11,940,421	13,459,000
Current year receipts	140,844,652	109,415,000
Conditions met transfered to revenue	(148,719,304)	(110,933,579)
Conditions not met	(4,065,769)	(11,940,421)
	-	-
Municipal Health Service Grant		
Current-year receipts	7,109,000	16,967,500
Conditions met - transferred to revenue	(7,109,000)	(16,967,500)
	-	-

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
14. Government grants and subsidies (continued)		
Bulk Infrastructure Grant		
Current-year receipts	46,326,602	31,782,195
Conditions met - transferred to revenue	(46,326,602)	(31,782,195)
	-	-
Public Works Programme Incentive Grant		
Current-year receipts	2,293,000	3,937,000
Conditions met - transferred to revenue	(2,293,000)	(3,937,000)
	-	-
Department of Transport		
Current-year receipts	1,688,000	-
Condition not met	(1,688,000)	-
	-	-
ACIP Grant		
Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(4,000,000)	-
	-	-

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
15. General expenses		
Advertising	2,063,347	2,027,076
Auditors remuneration	2,832,162	2,711,654
Bank charges	142,506	115,572
Cleaning	44,344	30,689
Computer expenses	91,909	10,000
Consulting and professional fees	26,056,655	11,089,267
Departmental charges	-	951
Sanitation	86,833,290	194,922,716
Entertainment	369,585	891,523
Consumer Connections	-	1,097
Insurance	3,180,321	1,953,422
Community development and training	116,700	472,849
Conferences and seminars	1,063,200	984,052
Lease rentals on operating lease	11,735,898	12,800,896
Meter reading	-	449,399
Magazines, books and periodicals	118,679	104,492
Licences	215,478	144,022
Fuel and oil	3,786,196	2,194,432
Placement fees	84,664	16,614
Postage and courier	4,807	7,010
Printing and stationery	11,293,167	11,744,590
Promotions	15,444	47,040
Protective clothing	-	1,589,141
Security (Guarding of municipal property)	13,764,273	12,384,665
Software expenses	862,550	312,487
Staff welfare	1,507,571	534,622
Subscriptions and membership fees	1,531,822	1,382,377
Telephone and fax	4,714,300	3,340,626
Transport and freight	454,008	106,048
Training	5,836,766	3,448,485
Travel - local	3,427,086	3,543,218
Travel - overseas	208,594	125,034
Rations	-	158
Electricity	20,367,625	19,199,987
Water	435,510	9,970,913
Water services expenditure	67,159,337	695,972
Uniforms	1,504,458	1,985,641
Accommodation	3,913,853	3,857,261
Community programmes	6,277,568	3,913,963
Mayor's Bursary Fund	4,088,486	3,083,366
Exhibition	2,587,408	2,733,784
Summit	583,092	772,077
Bereavement costs	137,902	126,325
Events	1,516,628	617,362
Billing charges	112,475	218,179
Chemicals	175,510	159,478
IDP Review Costs	430,434	330,463
Cylinders	1,946,530	2,811,332
	293,592,138	319,962,327

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
16. Employee related costs		
Basic	231,856,159	194,839,052
Bonus	14,574,274	16,022,727
Medical aid - company contributions	6,693,884	5,909,591
UIF	376,617	586,856
WCA	-	218,019
SDL	2,326,547	1,998,230
Leave pay (Adjustment of Leave Provision)	(7,778,587)	13,106,260
Other short term costs	12,603	21,133
Post-employment benefits - Pension - Defined contribution plan	27,250,151	27,445,566
Travel, motor car, accommodation, subsistence and other allowances	15,691,685	14,507,417
Overtime payments	11,413,510	14,615,690
Long-service awards	814,285	1,567,587
Housing benefits and allowances	13,481,429	11,145,966
Bargaining Council	8,288	7,833
Group insurance	-	25,860
Standby Allowance	-	397,765
	316,720,845	302,415,552
Remuneration of municipal manager		
Annual remuneration	604,182	139,138
Car Allowance	169,047	33,967
Bonus	-	-
Contributions to UIF, Medical and Pension Funds	47,186	109,023
Reimbursive Allowance	25,805	29,741
Back pay	35,942	-
Other	7,139	17,681
Total	889,301	329,550
Remuneration of chief financial officer		
Annual Remuneration	505,810	477,176
Car Allowance	195,142	184,095
Contributions to UIF, Medical and Pension Funds	126,387	-
Reimbursive Allowance	31,391	103,718
Backpay	29,160	-
Other	8,675	17,681
Total	896,565	782,670
Remuneration of Technical Manager		
Annual Remuneration	439,412	543,625
Car Allowance	148,083	152,881
Backpay	28,335	-
Contributions to UIF, Medical and Pension Funds	111,551	117,452
Bonus	39,947	-
Reimbursive Allowance	20,934	74,792
Other	20,445	61,923
Total	808,707	950,673

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
16. Employee related costs (continued)		
Remuneration of general manager: Community Services		
Annual Remuneration	483,495	456,125
Car Allowance	200,205	195,259
Contributions to UIF, Medical and Pension Funds	107,866	101,885
Backpay	27,874	-
Reimbursive Allowance	24,505	49,897
Other	6,402	29,918
Total	850,347	833,084
Remuneration of general manager: Planning		
Annual Remuneration	78,592	456,125
Car Allowance	28,208	169,245
Contributions to UIF, Medical and Pension Funds	6,144	149,971
Reimbursive Allowance	4,318	-
Subsistence Allowance	-	31,595
Other	153,807	28,863
Total	271,069	835,799
Remuneration general manager: Office of the Mayor		
Annual Remuneration	483,495	456,125
Car Allowance	173,533	169,245
Contributions to UIF, Medical and Pension Funds	145,204	201,553
Reimbursive Allowance	6,345	36,295
Backpay	27,874	-
Other	6,306	28,865
Total	842,757	892,083
Remuneration general manager: Corporate Services		
Annual Remuneration	483,495	495,420
Car Allowance	173,928	164,082
Bonus	39,296	-
Contributions to UIF, Medical and Pension Funds	115,174	200,390
Backpay	27,874	-
Reimbursive Allowance	-	31,188
Other	8,590	35,872
Total	848,357	926,952
17. Bad debts		
Contribution to debt impairment provision	-	31,204,900
18. Auditors' remuneration		
Fees	2,832,162	2,711,654

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
19. Cash generated from (used in) operations		
Surplus	285,666,946	60,319,345
Adjustments for:		
Depreciation and amortisation	64,645,965	83,420,101
Fair value adjustments	-	(11,442,852)
Finance costs - Finance leases	775,624	2,043,871
Debt impairment	-	31,204,900
Movements in provisions	(14,110,465)	8,282,831
Non-cash adjustments to property plant and equipment	(6,895,707)	(254,205,746)
Changes in working capital:		
Inventories	(45,671,160)	(3,278,884)
Other receivables	(44,895,303)	(168,881,506)
Other receivables from non-exchange transactions	1,606,506	(7,658,475)
Consumer debtors	(17,403,131)	(30,265,509)
Trade and Other Payables	5,845,653	288,922,771
Unspent Grants	(6,186,652)	(1,518,579)
Consumer deposits	406,699	978,204
	223,784,975	(2,079,528)

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
20. Consumer debtors		
Consumer debtors- Thulamela	73,332,292	74,586,847
Consumer debtors- Makhado	23,643,590	26,353,635
Consumer debtors- Musina	63,835,491	66,023,362
Consumer debtors- Mutale	12,462,989	6,854,255
	173,274,362	173,818,099
Gross balances		
Water	172,663,349	173,818,100
Net balance		
Water	63,366,686	45,963,555
Water		
Current (0 -30 days)	5,454,836	5,551,529
31 - 60 days	6,072,253	4,181,856
61 - 90 days	6,105,046	4,183,574
91 - 120 days	4,410,817	4,036,280
121 - 365 days	150,620,397	158,420,695
Provision	(109,296,663)	(130,410,379)
	63,366,686	45,963,555
Distribution Losses		

During the current financial year the municipality incurred average distribution losses of 18 071 278 KL due to the water leakages.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
21. Revaluation reserve		
The revaluation reserve is as a result of the valuation of buildings during conversion. The Municipality is on the cost module.		
Buildings Valuation	31,545,625	31,545,625
Reversal of Building Revaluation	(31,545,625)	-
	-	31,545,625
22. Other income		
Tender Documents	748,489	1,239,672
Sales of Manure	9,792	12,743
Certification of Acceptability	53,547	(296)
Fire Services	94,018	67,080
Sundry Income	1,172,277	697,050
Other revenue	100,000	-
Fire revenue	96,000	-
Bad debts recovered	19,971,458	-
	22,245,581	2,016,249
23. Investment revenue		
Interest revenue		
Bank	8,264,698	12,328,547
24. Remuneration of councillors		
Executive Mayor	405,456	571,360
Speaker	399,883	650,578
Chief Whip	397,152	72,003
Mayoral Committee Members	2,153,783	1,759,593
Councillors	1,704,299	1,212,440
Councillors' pension contributions and other	388,853	698,372
Sitting allowance	208,185	116,802
Telephone Allowance	338,268	297,008
Travel Allowance	1,676,858	1,639,184
Total	7,672,737	7,017,340
In-kind benefits		
The Executive Mayor, Speaker ,Chief whip and all portfolio heads for the following departments (Finance, Technical services, Community services,Corporate services and Planning they are full time.The Executive Mayor has provided with Municipal vehicle duties.		
25. Administrative expenditure		
Administration and management fees - third party	141,899	1,656,777

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
26. Depreciation and amortisation		
Property, plant and equipment	64,071,400	82,879,293
Investment property	136,092	89,858
Intangible assets	438,473	450,950
	64,645,965	83,420,101
27. Fair value adjustments		
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	-	11,442,852
28. Finance costs		
Finance leases	775,624	2,043,871
Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit .		
29. Operating lease		
Within one year	5,011,453	5,966,016
In the second to fifth year inclusive	5,612,827	6,681,938
	10,624,280	12,647,954
30. Capital Commitments		
The Council has committed itself to the following capital projects		
Approved and contracted		
• Infrastructure	195,326,043	526,357,312
• Community	12,000,000	20,622,931
• Other	-	99,847,317
	207,326,043	646,827,560
Approved but not contracted		
• Infrastructure	279,512,717	358,503,794
This expenditure will be financed		
Government grants	301,676,000	942,144,614
Own revenue	57,649,815	63,186,740
	359,325,815	1,005,331,354

This committed expenditure will be financed from grants and subsidies received from treasury.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
31. Contingencies		
Contingent Liabilities		
N W Civils	5,868,748	5,868,748
T Mphigalale	-	118,748
Van Der Weshuizen	1,824,443	1,824,443
CTL Workshop	-	964,250
Mamcom & Taupele Developers CC	650,000	-
AFROX	56,556	-
Stewarts and Lloyds	698,885	-
	9,098,632	8,776,189

NW Civils

- Litigation is in the process against the municipality relating to a dispute with a contractor who alleges that the municipality has breached the contract with NW Civil Contractors and is seeking damages of R 5,868,748. The municipality's legal advisors consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next financial year.

Van Der Westhuizen

- The municipality has received a claim from the attorneys of Van Der Westhuizen. The claim is for the damage on the crops that was as a result of construction of a road alongside a tomato farm. The municipality will only have an obligation to settle the claim when the claimant submits proof and basis of claim. The amount of damages is R 1,824,443. There is uncertainties in relation to the timing of any outflow.

Stewards and Lloyds

- Litigation is in process to the amount of R698 885.

MAMCOM & Taula Developement (Pty) Ltd

- The municipality has received a claim from Mamcom & Taula Developement (Pty) Ltd. The claim is for the payment of work done and not paid by the municipality. The amount of the claim is R 650 000.00.

AFROX

- Litigation is in the process against the municipality for the amount of R56 555.40 for alleged leasing of Gas Cylinders.

Case Closed

- Phehlukwayo INC
- Mphaphuli
- CTL W/Shop v/s VDM
- Zoutnet CCV v/s VDM
- Mathanya Casper
- R0meo & Associates
- Makanise Takalani

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
31. Contingencies (continued)		
• SKC Masakhe EngineerS		
32. Related parties		
Relationships		
Section 57 managers (Refer to Note 16)	5,306,960	5,550,811
Councillors (Refer to note 25)	7,672,737	7,017,340
	12,979,697	12,568,151
Transfers to locals		
The municipality has entered into a service level agreement with the local municipalities for the provision of water on its behalf in terms of the Municipal Systems Act.		
33. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	6,951	419,101
Reconciliation of fruitless and wasteful expenditure		
Opening balance	392,004	283,667
Fruitless and wasteful expenditure current year	6,951	419,101
Condoned or written off by Council	(398,955)	(310,764)
Fruitless and wasteful expenditure awaiting condonement	-	392,004
Payment not paid within the prescribed period due to Financial system breakdown(they are all condoned by council).		
Government Employees pension fund amounting to R4505.48		
RFS Administrators (Pty) Ltd amounting to R38.43		
RFS Administrators (Pty) Ltd amounting to R68.14		
RFS Administrators (Pty) Ltd amounting to R67.72		
Coris Capital amounting to R2271.48		
Prior year fruitless expenditure(they are all condoned by council).		
Cancellation of team building and service provider has already incurred expenditure for preparation to the value of R183,645.		
Penalty charges by the supplier for damaged rental vehicles by Amasondo to the value of R208,359.		
34. Irregular expenditure		
Reconciliation of Irregular expenditure		
Opening balance	600,770,901	-
Add: Irregular Expenditure - current year	2,432,500	602,407,035
Less: Amounts condoned	(603,203,401)	(1,636,134)
Irregular expenditure awaiting condonement	-	600,770,901
INCIDENTS LIST		

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
34. Irregular expenditure (continued)		
Deviations for the year amounting to R2,432,500.00 (see note note 36)		
Contract not signed amounting to R424,518,315.14		
Bid without specifications amounting to R176,247,335.96		
The municipality awarded a quotation of R 5 250 to Dakkies supply and trading whose director is appointed in the service of the state.		
35. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Budgeted Subscription Fee	3,300,000	1,052,963
Actual Expenditure on Subscription Fee	(2,548,511)	(1,052,963)
	751,489	-
Audit fees		
Current year fee	2,824,909	2,711,654
Amount paid - current year	(2,824,909)	(2,711,654)
	-	-
PAYE and UIF		
Opening balance	-	3,391
Current year subscription / fee	28,629,958	21,860,556
Amount paid - current year	(28,629,958)	(21,863,947)
	-	-
Pension and Medical Aid Deductions		
Opening balance	-	34,211
Current year subscription / fee	18,414,751	26,007,609
Amount paid - current year	(18,414,751)	(26,041,820)
	-	-
Supply chain management regulations		
In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.		

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
35. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Incident		
Supply of Emergency tent	1,379,950	-
Accommodation and venue for 120 people attending Strategic Planning.	340,360	-
Accommodation and venue for 75 people attending training of water services employees (Porche vill hotel and centre).	80,750	-
Accommodation and venue for 130 people attending District young SAWID workshop (Nwanedi resort)	125,460	-
Supply of stage video sound and screen for the Mayoral Inauguration (Blue Rain Drops Advertiesment)	68,500	-
Supply of sound stage, big screen & lights for Vhembe Carnival (Advertisement)	150,000	-
Supply of 500 chairs , tent and 100 round tables for the Mayoral Inauguration (Mosalase Trading and projects	78,250	-
Supply of Mayoral chain (De Beer Jewers)	169,280	-
Supply of Tent, VIP Toilets and mass Toilets for Vhembe carnival (Manalo)	39,950	-
Catering during the presidential visit at Lemana	-	79,500
Accommodation for than 300 people,catering and conference center	-	457,600
Conference Venue	-	35,400
Repair of the sewewrage system at Makuya Thusong centre	-	47,690
50 Emegency Tent and 30 salvage sheets	-	438,362
Accommodation and meals for 80 people attending district men's Indaba	-	59,100
Accommodation ,meals and conference package for people attending Air quality management workshop	-	34,600
Accommodation,meals and conference for youth economic summit	-	76,152
Accommodation and meals for people attending District Disability Economic Empowerment summit	-	85,075
Catering during Easter holidays	-	81,515
Catering for people attending hand over of Masisi taxi rank	-	62,800
Catering ,breakfast and lunch for 250 people attending the IDP consultation meeting	-	65,675
Request for VDM to participate in the 2011 edition of Limpopo Tourism and Leisue Magazine	-	19,665
Catering of 250 people attending Youth day.	-	50,000
Conference, Dinner, Bed and Breakfast	-	43,000
	2,432,500	1,636,134

36. Correction of prior period errors

During the year under review comparative figures were adjusted and the following is the effect on prior balance. The effects of the restatement is that the respective balance sheet components have been restated as well as the retained earnings.

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
36. Correction of prior period errors (continued)		
Statement of financial position		
Property, plant and Equipment	1,739,126,418	1,639,799,581
Property, plant and Equipment		
Plant and machinery as previously reported	4,950,382	-
Plant and machinery as reported	(2,569,224)	-
	2,381,158	-
furniture and fixtures		
furniture and fixtures as previously reported	4,556,024	-
furniture and fixtures reported	(4,544,679)	-
	11,345	-
Motor vehicles		
Motor vehicles as previously reported	17,743,202	-
Motor vehicles as reported	(18,217,562)	-
	(474,360)	-
Office equipment		
Office equipment as previously reported	192,615	-
Office equipment as reported	(194,473)	-
	(1,858)	-
IT equipment		
IT equipment as previously reported	60,107	-
IT equipment as reported	(66,173)	-
	(6,066)	-
Infrastructure		
Infrastructure as previously reported	1,389,523,161	-
Infrastructure as reported	(1,568,410,147)	-
	(178,886,986)	-
Other PPE		
Other PPE as previously reported	21,694,213	-
Other PPE as reported	(9,292,569)	-
	12,401,644	-
Community Assets		
Community Assets as previously reported	1,662,624	-
Community Assets as reported	(1,662,624)	-
	-	-
Buildings		
Buildings as previously reported	191,994,203	-
Buildings as reported	(126,692,403)	-

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
36. Correction of prior period errors (continued)		
	65,301,800	-
Leased Assets		
Leased Assets as previously reported	9,085,674	-
Leased Assets as reported	(9,032,158)	-
	53,516	-
Investment property		
Investment property as previously reported	9,602,679	-
Investment property as reported	(8,846,000)	-
	756,679	-

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

37. Statement of comparative and actual information

2012

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance							
Investment revenue	27,459,631	10,255,944	10,255,944	8,264,698	1,991,246	81 %	30 %
Transfers recognised - operational	559,309,733	622,359,377	622,359,377	883,733,651	(261,374,274)	142 %	158 %
Other own revenue	141,891,353	137,282,589	137,282,589	94,761,417	42,521,172	69 %	67 %
Total revenue (excluding capital transfers and contributions)	728,660,717	769,897,910	769,897,910	986,759,766	(216,861,856)	128 %	135 %
Employee costs	159,098,171	215,874,814	215,874,814	(316,720,845)	532,595,659	(147)%	(199)%
Remuneration of councillors	(20,399,572)	7,280,000	7,280,000	(8,593,417)	15,873,417	(118)%	42 %
Depreciation and asset impairment	(14,335,340)	-	-	(64,645,965)	64,645,965	DIV/0 %	451 %
Finance charges	30,000	250,000	250,000	(775,624)	1,025,624	(310)%	(2,585)%
Other expenditure	275,267,207	240,026,152	240,026,152	(356,683,571)	596,709,723	(149)%	(130)%
Total expenditure	399,660,466	463,430,966	463,430,966	(747,419,422)	1,210,850,388	(161)%	(187)%
Surplus/(Deficit)	1,128,321,183	1,233,328,876	1,233,328,876	239,340,344	993,988,532	19 %	21 %

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

37. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	94,800,000	51,350,000	51,350,000	46,326,602	5,023,398	90 %	49 %
Surplus (Deficit) after capital transfers and contributions	1,223,121,183	1,284,678,876	1,284,678,876	285,666,946	999,011,930	22 %	23 %
Surplus/(Deficit) for the year	1,223,121,183	1,284,678,876	1,284,678,876	285,666,946	999,011,930	22 %	23 %

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

Figures in Rand

37. Statement of comparative and actual information (continued)

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Capital expenditure and funds sources							
Total capital expenditure	1,717,962,398	557,808,466	557,808,466	2,405,166,131	(1,847,357,665)	431 %	140 %
Sources of capital funds							
Transfers recognised - capital	300,360	235,691	235,691	-	235,691	- %	- %
Internally generated funds	51,573	56,108	56,108	-	56,108	- %	- %
Total sources of capital funds	351,933	291,799	291,799	-	291,799	- %	- %
Cash flows							
Net cash from (used) operating	362,832	523,047,536	523,047,536	223,784,975	299,262,561	43 %	61,677 %
Net cash from (used) investing	(373,539)	(490,501)	(490,501)	(290,580,632)	290,090,131	59,242 %	77,791 %
Net cash from (used) financing	(10,707)	4,028	4,028	(4,674,255)	4,678,283	(116,044)%	43,656 %
Net increase/(decrease) in cash and cash equivalents	(21,414)	522,561,063	522,561,063	(71,469,912)	594,030,975	(14)%	333,753 %
Cash and cash equivalents at the beginning of the year	10,707	(193,990)	(193,990)	76,570,929	(76,764,919)	(39,472)%	715,148 %
Cash and cash equivalents at year end	(10,707)	522,367,073	522,367,073	5,101,017	517,266,056	1 %	(47,642)%

Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
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38. Risk management

The main risks of the municipality are Interest rate risk , Liquidity risk , credit risk and fair value of financial instruments

Cash flow interest rate risk

The municipality interest rate risk arises from investments at variable rates expose the municipality to cash flow interest rate risk . Investments at fixed rates expose the municipality to fair value interest rate. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

At year-end , financial instruments exposed to interest rate risk were as follows:

First National Bank-Current account-62021931458	2,086,775	17,517,671
ABSA Bank-Call account -2061838668	-	30,734,830
First National Bank-32 days account -74156880731	-	-
First National Bank-Call account -62036334803	3,021,894	2,368,831
Nedbank-21 days investment	-	25,045,216
	<u>5,108,669</u>	<u>75,666,548</u>

Financial risk management

The municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

To manage the risk the municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

Counterparties

The municipality only deposits cash with major banks with high quality credit standing and limits exposures to any one counterparty . The municipality has no significant concentration of credit risk with any single counterparty or a group.

Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

39. Consumer deposits

Water	<u>3,625,045</u>	<u>3,218,346</u>
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Vhembe District Municipality

Annual Financial Statements for the year ended June 30, 2012

Notes to the Annual Financial Statements

	2012	2011
39. Consumer deposits (continued)		
Reconciliation of consumer deposits		
Musina	2,786,810	2,452,000
Mutale	281,957	211,783
Thulamela	555,278	554,563
	3,624,045	3,218,346

40. Change in estimate

Property, plant and equipment

The useful life of certain PPE was not changed during this current financial year.

Vhembe District Municipality
Vhembe District Municipality
Appendix B
June 2012

Analysis of property, plant and equipment as at 30 June 2011
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Revaluations	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings								
Buildings (Separate for AFS purposes)	82,988,733	40,610,813	31,545,625	155,145,171	5,666,551	5,027,265	10,693,816	165,838,987
	82,988,733	40,610,813	31,545,625	155,145,171	5,666,551	5,027,265	10,693,816	165,838,987
Infrastructure								
Roads, Pavements & Bridges	301,247,579	4,879,000	5,232,984	311,359,563	3,909,302	10,727,669	14,636,971	325,996,534
Water purification	3,482	1,705,498	-	1,708,980	(129,278)	-	(129,278)	1,579,702
Sewerage purification	-	314,387	-	314,387	(70,828)	-	(70,828)	243,559
Other 1	-	76,255	-	76,255	(32)	-	(32)	76,223
	301,251,061	6,975,140	5,232,984	313,459,185	3,709,164	10,727,669	14,436,833	327,896,018
Community Assets								
Parks & gardens	-	171	-	171	-	-	-	171
Sportsfields and stadium	-	499	-	499	-	-	-	499
Community halls	-	8,800	-	8,800	-	-	-	8,800
Other	-	10,028	-	10,028	-	-	-	10,028
Cemeteries	-	3,252	-	3,252	-	-	-	3,252
Fire, safety & emergency	2,512	108,111	-	110,623	-	-	-	110,623
Security and policing	8	-	-	8	(13)	-	(13)	(5)
	2,520	130,861	-	133,381	(13)	-	(13)	133,368

Vhembe District Municipality
Vhembe District Municipality
Appendix B

June 2012

Analysis of property, plant and equipment as at 30 June 2011
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Revaluations	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets								
Specialised vehicles								
Fire	12,802,063	7,019	697,061	13,234,393	5,769,500	1,568,194	7,337,694	20,572,087
Conservancy	1,476	55	-	1,531	(1,605)	-	(1,605)	(74)
	12,803,539	7,074	697,061	13,235,924	5,767,895	1,568,194	7,336,089	20,572,013
Other assets								
General vehicles	4,319,963	2,895,761	(417,705)	6,798,019	2,134,736	713,995	2,848,731	9,646,750
Plant & equipment	369,688	5,190,299	94,768	5,654,755	897,812	252,574	1,150,386	6,805,141
Computer Equipment	578,552	11,000	46,113	636,219	2,879,448	596,900	3,476,348	4,112,567
Furniture & Fittings	6,200,601	169,745	347,749	7,279,390	3,171,843	905,277	4,077,120	11,356,510
Office Equipment	400,448	31,567	27,294	519,874	970,178	500,718	1,470,896	1,990,770
Office Equipment - Leased	11,521,345	1,349,106	138,316	13,008,767	4,207,904	3,869,576	8,077,480	21,086,247
Other buildings	82,988,733	40,610,813	31,545,625	155,145,171	5,666,551	5,027,265	10,693,816	165,838,987
Work in progress	816,928,875	248,384,965	-	1,065,313,840	-	-	-	1,065,313,840
Other	22,170,770	44,359	6,572,550	30,669,362	16,062,324	4,902,233	20,964,557	51,633,919
	945,478,975	298,687,615	38,354,710	1,285,025,397	35,990,796	16,768,538	52,759,334	1,337,784,731
Total property plant and equipment								
Land and buildings	82,988,733	40,610,813	31,545,625	155,145,171	5,666,551	5,027,265	10,693,816	165,838,987
Infrastructure	301,251,061	6,975,140	5,232,984	313,459,185	3,709,164	10,727,669	14,436,833	327,896,018
Community Assets	2,520	130,861	-	133,381	(13)	-	(13)	133,368
Specialised vehicles	12,803,539	7,074	697,061	13,235,924	5,767,895	1,568,194	7,336,089	20,572,013
Other assets	945,478,975	298,687,615	38,354,710	1,285,025,397	35,990,796	16,768,538	52,759,334	1,337,784,731
	1,342,524,828	346,411,503	75,830,380	1,766,999,058	51,134,393	34,091,666	85,226,059	1,852,225,117
Agricultural/Biological assets								
Intangible assets								
Computers - software & programming	-	3,209	-	3,209	-	-	-	3,209
Other	-	1,363	-	1,363	-	-	-	1,363
	-	4,572	-	4,572	-	-	-	4,572
Investment properties								
Investment property	8,846	-	-	8,846	(226)	-	(226)	8,620
	8,846	-	-	8,846	(226)	-	(226)	8,620
Total								
Land and buildings	82,988,733	40,610,813	31,545,625	155,145,171	5,666,551	5,027,265	10,693,816	165,838,987
Infrastructure	301,251,061	6,975,140	5,232,984	313,459,185	3,709,164	10,727,669	14,436,833	327,896,018
Community Assets	2,520	130,861	-	133,381	(13)	-	(13)	133,368
Specialised vehicles	12,803,539	7,074	697,061	13,235,924	5,767,895	1,568,194	7,336,089	20,572,013

Vhembe District Municipality
Vhembe District Municipality
Appendix B
June 2012

Analysis of property, plant and equipment as at 30 June 2011

Cost/Revaluation	Accumulated depreciation
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	Opening Balance	Additions	Revaluations	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets	945,478,975	298,687,615	38,354,710	1,285,025,397	35,990,796	16,768,538	52,759,334	1,337,784,731
Intangible assets	-	4,572	-	4,572	-	-	-	4,572
Investment properties	8,846	-	-	8,846	(226)	-	(226)	8,620
	1,342,533,674	346,416,075	75,830,380	1,767,012,476	51,134,167	34,091,666	85,225,833	1,852,238,309

Vhembe District Municipality

Appendix C

June 2012

Segmental analysis of property, plant and equipment as at 30 June 2010 Cost/Revaluation Accumulated Depreciation

	Opening Balance	Additions	Disposals	Revaluations	Closing Balance	Opening Balance	Depreciation	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality									
Executive & Council/Mayor and Council	3,055,480	756,679	(186,111)	103,728	3,729,776	932,188	440,921	1,373,109	5,102,885
Finance & Admin/Finance	31,507,444	1,473,141	(172,254)	764,895	33,573,226	15,221,060	5,790,815	21,011,875	54,585,101
Planning and Development/Economic Development/Plan	63,193,224	10,199,998	(25,368)	(5,107)	73,362,747	434,049	139,448	573,497	73,936,244
Comm. & Social/Libraries and archives	152,049,243	33,096,976	(1,194,718)	1,047,779	184,999,280	10,662,138	7,871,328	18,533,466	203,532,746
Environmental Protection/Pollution Control	-	36,799	(9,482)	90,751	118,068	89,468	58,226	147,694	265,762
Water/Water Distribution	1,354,284,328	258,003,022	(1,463,581)	90,003,221	1,700,826,990	18,330,697	14,759,795	33,090,492	1,733,917,482
	1,604,089,719	303,566,615	(3,051,514)	92,005,267	1,996,610,087	45,669,600	29,060,533	74,730,133	2,071,340,220
Total									
Municipality	1,604,089,719	303,566,615	(3,051,514)	92,005,267	1,996,610,087	45,669,600	29,060,533	74,730,133	2,071,340,220
	1,604,089,719	303,566,615	(3,051,514)	92,005,267	1,996,610,087	45,669,600	29,060,533	74,730,133	2,071,340,220

Vhembe District Municipality

Appendix D

June 2012

Segmental Statement of Financial Performance for the year ended Prior Year Year to Date

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
104,432,290	73,828,526	30,603,764	Executive & Council/Mayor and Council	101,546,047	95,221,442	6,324,605
30,628,563	20,796,325	9,832,238	Finance & Admin/Finance	30,095,573	34,363,480	(4,267,907)
60,550,888	30,717,888	29,833,000	Planning and Development/Economic Development/Plan	42,411,404	28,118,282	14,293,122
86,510,260	76,705,233	9,805,027	Comm. & Social/Libraries and archives	91,356,689	99,516,520	(8,159,831)
11,285,640	11,621,067	(335,427)	Environmental Protection/Pollution Control	21,595,324	14,805,821	6,789,503
932,036,790	644,249,378	287,787,412	Water/Water Distribution	794,322,640	734,966,101	59,356,539
1,225,444,431	857,918,417	367,526,014		1,081,327,677	1,006,991,646	74,336,031
Municipal Owned Entities Other charges						
1,225,444,431	857,918,417	367,526,014	Municipality	1,081,327,677	1,006,991,646	74,336,031
1,225,444,431	857,918,417	367,526,014	Total	1,081,327,677	1,006,991,646	74,336,031

Vhembe District Municipality

Appendix E(1)

June 2012

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	Current year 2011 Act. Bal. Rand	Current year 2011 Bud. Amt Rand	Variance Rand	Var
Revenue				
Sale of water	-	-	-	-
Rental of facilities and equipment	69,771	44,267	25,504	57.6
Interest on outstanding debts	8,242,728	9,000,000	(757,272)	(8.4)
Government grants & subsidies	936,067,236	945,256,820	(9,189,584)	(1.0)
Other income	196,886,376	127,026,590	69,859,786	55.0
Interest received - investment	-	-	-	-
	1,141,266,111	1,081,327,677	59,938,434	5.5
Expenses				
Personnel	278,459,295	266,760,642	11,698,653	4.4
Remuneration of councillors	7,720,356	7,720,356	-	-
Transfer payments	46,488,980	-	46,488,980	-
Depreciation	68,897,785	-	68,897,785	-
Finance costs	142,506	142,703	(197)	(0.1)
Debt impairment	-	-	-	-
Collection costs	12,568,570	8,000,000	4,568,570	57.1
Repairs and maintenance - General	71,958,140	59,733,476	12,224,664	20.5
General Expenses	153,594,346	208,394,497	(54,800,151)	(26.3)
	639,829,978	550,751,674	89,078,304	16.2
Other revenue and costs				
Fair value adjustments	-	-	-	-
	-	-	-	-
Net surplus/ (deficit) for the year	1,781,096,089	1,632,079,351	149,016,738	9.1

June 2012

Additions	Revised Budget	Variance	Variance
Rand	Rand	Rand	%

Executive & Council/Mayor and Council	4,421,756	12,585,761	8,164,005	49
Finance & Admin/Finance	30,517	100,000	69,483	31
Planning and Development/Economic Development/Plan	9,554,739	17,530,000	7,975,261	55
Comm. & Social/Libraries and archives	29,537,535	35,509,619	5,972,084	83
Environmental Protection/Pollution Control	4,007,382	8,900,000	4,892,618	45
Water/Water Distribution	319,609,739	464,997,669	145,387,930	68
	367,161,668	539,623,049	172,461,381	32

-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,408,185	563,705	(1,844,480)	(327)

Page 55

Vhembe District Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun
Municipal System Improvement Grant		-	790,000	-	-	790,000	-	790,000	-	-	790,000
Municipal Infrastructure Grant		134,732,000	111,265,000	50,279,000	-	296,276,000	134,732,000	111,265,000	50,279,000	-	296,276,000
Equitable share		168,450,287	134,760,229	101,256,761	-	404,467,277	168,450,287	134,760,229	101,256,761	-	404,467,277
Local Government Management grant		1,250,000	-	-	-	1,250,000	1,250,000	-	-	-	1,250,000
Department of water and forestry water operations subsidy		47,541,000	57,537,000	21,317,000	6,575,000	132,970,000	47,541,000	57,537,000	21,317,000	6,575,000	132,970,000
Department of water affairs and projects grant		17,326,323	2,829,322	34,733,346	1,235,245	56,124,236	17,326,323	2,829,322	34,733,346	1,235,245	56,124,236
Municipal Health EPWP		3,554,500	-	3,554,500	-	7,109,000	3,554,500	-	3,554,500	-	7,109,000
Regional Service Levy Replacement grant		-	1,770,000	523,000	-	2,293,000	-	1,770,000	523,000	-	2,293,000
Department of Transport Vhembe Biosphere reserve		11,204,713	8,963,771	6,735,239	-	26,903,723	11,204,713	8,963,771	6,735,239	-	26,903,723
		-	1,688,000	-	-	1,688,000	-	1,688,000	-	-	1,688,000
		-	-	100,000	-	100,000	-	-	-	-	-

CESVI
Limpopo
Transboundry
proogramme
ACIP DWA

-	72,000	24,000	-	96,000	-	72,000	24,000	-	96,000
2,000,000	-	1,189,239	2,810,761	6,000,000	2,000,000	-	1,189,239	2,810,761	6,000,000
386,058,823	319,675,322	219,712,085	10,621,006	936,067,236	386,058,823	319,675,322	219,612,085	10,621,006	935,967,236

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Vhembe District Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun
Municipal System Improvement Grant		-	790,000	-	-	790,000	-	790,000	-	-	790,000
Municipal Infrastructure Grant		134,732,000	111,265,000	50,279,000	-	296,276,000	134,732,000	111,265,000	50,279,000	-	296,276,000
Equitable share		168,450,287	134,760,229	101,256,761	-	404,467,277	168,450,287	134,760,229	101,256,761	-	404,467,277
Local Government Management grant		1,250,000	-	-	-	1,250,000	1,250,000	-	-	-	1,250,000
Department of water and forestry water operations subsidy		47,541,000	57,537,000	21,317,000	6,575,000	132,970,000	47,541,000	57,537,000	21,317,000	6,575,000	132,970,000
Department of water affairs and projects grant		17,326,323	2,829,322	34,733,346	1,235,245	56,124,236	17,326,323	2,829,322	34,733,346	1,235,245	56,124,236
Municipal Health EPWP		3,554,500	-	3,554,500	-	7,109,000	3,554,500	-	3,554,500	-	7,109,000
Regional Service Levy Replacement grant		-	1,770,000	523,000	-	2,293,000	-	1,770,000	523,000	-	2,293,000
Department of Transport Vhembe Biosphere reserve		11,204,713	8,963,771	6,735,239	-	26,903,723	11,204,713	8,963,771	6,735,239	-	26,903,723
		-	1,688,000	-	-	1,688,000	-	1,688,000	-	-	1,688,000
		-	-	100,000	-	100,000	-	-	-	-	-

CESVI
Limpopo
Transboundry
proogramme
ACIP DWA

-	72,000	24,000	-	96,000	-	72,000	24,000	-	96,000
2,000,000	-	1,189,239	2,810,761	6,000,000	2,000,000	-	1,189,239	2,810,761	6,000,000
386,058,823	319,675,322	219,712,085	10,621,006	936,067,236	386,058,823	319,675,322	219,612,085	10,621,006	935,967,236

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Vhembe District Municipality

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2012

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun
Municipal System Improvement Grant		-	790,000	-	-	790,000	-	790,000	-	-	790,000
Municipal Infrastructure Grant		134,732,000	111,265,000	50,279,000	-	296,276,000	134,732,000	111,265,000	50,279,000	-	296,276,000
Equitable share		168,450,287	134,760,229	101,256,761	-	404,467,277	168,450,287	134,760,229	101,256,761	-	404,467,277
Local Government Management grant		1,250,000	-	-	-	1,250,000	1,250,000	-	-	-	1,250,000
Department of water and forestry water operations subsidy		47,541,000	57,537,000	21,317,000	6,575,000	132,970,000	47,541,000	57,537,000	21,317,000	6,575,000	132,970,000
Department of water affairs and projects grant		17,326,323	2,829,322	34,733,346	1,235,245	56,124,236	17,326,323	2,829,322	34,733,346	1,235,245	56,124,236
Municipal Health EPWP		3,554,500	-	3,554,500	-	7,109,000	3,554,500	-	3,554,500	-	7,109,000
Regional Service Levy Replacement grant		-	1,770,000	523,000	-	2,293,000	-	1,770,000	523,000	-	2,293,000
Department of Transport		11,204,713	8,963,771	6,735,239	-	26,903,723	11,204,713	8,963,771	6,735,239	-	26,903,723
Vhembe Biosphere reserve		-	1,688,000	-	-	1,688,000	-	1,688,000	-	-	1,688,000
		-	-	100,000	-	100,000	-	-	-	-	-

CESVI
Limpopo
Transboundry
proogramme
ACIP DWA

-	72,000	24,000	-	96,000	-	72,000	24,000	-	96,000
2,000,000	-	1,189,239	2,810,761	6,000,000	2,000,000	-	1,189,239	2,810,761	6,000,000
386,058,823	319,675,322	219,712,085	10,621,006	936,067,236	386,058,823	319,675,322	219,612,085	10,621,006	935,967,236

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.